

Message Text

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S E C R E T LAGOS 00374

C O R R E C T E D C O P Y (PARA THREE LINE TWELVE)

E. O. 11652: XGDS-1
TAGS: PFOR, BDIS, ENRG, AO, US, NI
SUBJ: NIGERIAN REQUEST TO GULF OIL FOR CONSULTATIONS
ON STATUS OF CABINDA GULF OIL COMPANY
REF : STATE 5464

1. WE AGREE WITH DEPT'S ASSESSMENT THAT GULF SHOULD SEND SENIOR OFFICIAL TO NEGOTIATE WITH FMG HERE AFTER OAU SUMMIT COMPLETED.
2. OUR EXAMINATION OF LOCAL SCENE, INCLUDING CONFIDENTIAL DISCUSSION WITH JAMAS HUITT, GULF NIGERIA DIRECTOR, IND CATES FOLLOWING PROBABLE SCENARIO. FMG WILL FIRET REQUEST GULF TO PAY WITHHELD FUNDS TO MPLA AS RIGHTFUL GOVERNMENT RECIPIENT. SECONDLY, AND OF LESS PRIORITY, FMG WILL SEEK RENEWAL OF GULF CRUDE PRODUCTION IN CABINDA.
3. PRESUMABLE RESPONSE BY GULF, IF LEFT TO ITS OWN CHOICE, WOULD BE ACCEPTANCE OF BOTH DEMANDS. HUITT (WHO WISHES HIS REMARKS TO BE KEPT CONFIDENTIAL IN DEPARTMENT) BELIEVES THAT REFUSAL WOULD ENCOURAGE FMG TO "WRECK COMPANY OPERATIONS IN NIGERIA." WHILE HE DID NOT ELABORATE, WE SEE SUCH POSSIBLE RETALIATORY ACTIONS AS REDUCTION OF EXPATRIATE QUOTA, FMG WITHHOLDING PAYMENTS FOR GULF SHARE OF ITS NIGERIAN CRUDE AND, EVEN NATIONALIZATION OF COMPANY. INABILITY OF GULF TO PREVENT RENEWED CABINDA PRODUCTION ESPECIALLY WEAK AS FACILITIES NOW IN HANDS OF COMPANY ANGOLAN EMPLOYEES SKELETON STAFF ABLE TO BRING ON FULL PRODUCTION WITH LITTLE EFFORT AND ADDED MANPOWER.

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HUITT'U PERSONAL VIEW IS THAT GULF COMPLIANCE MEANS CONTINUED

PROFITABLE OPERATIONS IN TWO COUNTRIES, WHILE DENIAL MEANS TERMINATION IN THE SAME TWO COUNTRIES AFTER YEARS OF SIGNIFICANT INVESTMENT IN MONEY, EXPERTISE AND EFFORT. EMBASSY BELIEVES HEWITT MAY BE OVERLY ALARMIST REGARDING POSSIBILITY OF FMG REPRISALS SO SUBSTANTIAL THAT GULF WOULD HAVE TO TERMINATE NIGERIAN OPERATIONS. NONETHELESS TRUE THAT HEWITT HAS FOR SOME TIME ARGUED THAT GULF WAS ALREADY ON EDGE OF A LOSING PROPOSITION HERE AS RESULT INCREASING FMG PRESSURES ON PROFIT MARGINS.)

4. HUITT STATES THAT HE HAS RECEIVED "CLEAR INFORMATION" FROM FMG SOURCES THAT HIS PHONES BUGGED AND THAT HE IS TO "KEEP CLEAR" OF US EMBASSY. INVOLVEMENT OF EMBASSY, IN REPORTED WORDS OF NIGERIANS TO HUITT, WOULD BE SEEN BY FMG AS FURTHER PRESSURE FROM USG, WHOSE ANGOLAN POLICY IS CURRENTLY UNACCEPTABLE TO FMG. THIS IN TURN WOULD VITIATE ANY MEANINGFUL NEGOTIATIONS. HIS TWO REQUESTS TO US ARE THAT (1) WE UNDERSTAND HIS NEED TO BE CAUTIOUS, (2) STATE URGE GULF HEADQUARTERS TO SEND A VERY SENIOR OFFICIAL FROM PITTSBURGH TO NEGOTIATE IN LAVOS. LONDON OFFICE HAS TOLD HIM THAT ANDERSON, FORMER DIRECTOR CABINDA, WILL BE COMING BUT HUITT EMPHASIZES THAT HIS SELECTION WILL BE MUCH RESENTED BY FMG AND ANGOLANS.

5. MPOYO-MUKELANGE IS ANGOLAN CITIZEN CHOSEN BY MPLA TO BE ITS REPRESENTATIVE AT LAGOS TALKS. UNCERTAIN WHETHER HE HERE YET.

6. NIGERIAN NEWS MEDIA HAVE NOT YET LASHED OUT AT GULF ACTIVITIES IN ANOOLA LARGELY DUE TO EFFECTIVE TIES COMPANY'S NIGERIAN PUBLIC RELATIONS DIRECTOR ENJOYS WITH LOCAL EDITORS AND JORNALISTS. EASUM

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